Inflation on Weekly Basis

1439. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of FINANCE be pleased to state:

(a) rate of inflation on weekly basis during Setpember, October and November, 1993;

(b) how does it compare with the weekly inflation during the same period during 1991 and 1992;

(c) what are the reasons for rise in wholesale Price Index during October-November, 1993;

(d) the steps taken to keep the rate of inflation under control?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The requisite details are as under:

Week ending	Annual Rate of Inflation (% (Point-to-Point)		
	1993	1991	1992
4-9-1993	9.2	16.5	9.1
11-9-1993	9.1	16.5	9.0
18-9-1993	8.2	16.3	10.2
25-9-1993	8.5	15.9	10.2
2-10-1993	8.8	15.3	10.6
9-10-1993	7.4(P)	15.2	10.4
16-10-1993	7.1(P)	14.1	10.6
23-10-1993	7.5(P)	14.0	10.6
30-10-1993	7.9(P)	13.3	10.2
6-11-1993	8.4(P)	14.6	9.4
13-11-1993	8.5(P)	14.9	9.0
20-11-1993	8.4(P)	14.9	8.8
27-11-1993	8.5(P)	14.7	8.6

(c) The main reason for rise in the wholesale price index during October-November, 1993 is the higher increase in the prices of primary articles such as foodgrains, edible oils and raw material such as jute and sugarcane. Higher minimum support price for wheat, rice, sugarcane and jute is one reason of rise in market price of primary commodities Disruption due to truckers strike twice in the year is another reason. Another important/ reason underlying the increase in inflation rate is the fiscal deficit which has widened in the current year.

(d) For moderating the price rise the Government's intervention is primary in augmenting supplies of essential commodities. Apart from increasing allocation through the PDS, open market sales of by FCI have been initiated. Import of 1 lakh tonnes of edible oils has been ordered to augment domestic supplies. Higher quantities of sugar were also released to keep the prices under check during the festival season.

Growth of Non-Plan Expenditure

1440. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of FINANCE be pleased to state:

(a) what are the trends in the growth of non-plan expenditure during the last years; and

(b) the details of the steps taken to control non-plan expenditure; and the achievements made so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Non-plan expenditure of the Central Government during the last three years are given below broad details:

(Rs. in crores

NON-PLAN EXPENDITURE	1990-91 (Actuals)	1991-92 (Actuals)	1992-93 (R.E.)
Interest	21498	26563	32500
Defence	15426	16347	17500
Police	1564	1849	2100
Pensions	2138	2389	3018
Subsidies	12158	12270	10108
Other Non-plan expenditure	24149	21051	20527
TOTAL	76933	80469	87753

As may be observed, the increase in non-plan expenditure is mainly on interest

payments which is a natural consequence of large drawing required for developmental expenditure and on expenditure defence preparedness. Increase is also attributable to Police, pensions and Subsidies. Excluding these items the other non-plan expenditure show decelaration which is an indicator of Government's endeavour to keep non-plan expenditure to minimum necessary. A number of measures to reduce non-plan expenditure has been taken, which includes containing growth in establishment, curbs on travel expenses, entertainment, inessential seminars, conference, Publications, purchase of furniture/furnishings, fuel consumption etc.

Directions Issued after Securities Irregularities

1441. SHRI MURLIDHAR CHANDRAKANT BHANDARE, Will the Minister of FINANCE be pleased to state:

(a) the directions issued by Government in the aftermath of the Securities Irregularities;

(b) how far these have been implemented by the Financial Sector; and

(c) the details of the steps taken to regularise the working of the Stock Exchanges in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) Government and Reserve Bank of India have taken a number of measures in the aftermath of revelations of irregularities in securities transactions. Directions/guidelines were issued for revitalising internal control system for monitoring securities transactions for positioning audit system for audit of such transactions. Banks were also asked to formulate investment policies and get them approved by their respective Boards. Ready forward transactions were permitted only between banks and that also exclusively in Treasury Bills. Subsequently inter-bank ready forward transactions have been permitted in specified Government securities including Treasury Bills are strictly prohibited. All transactions in Government securities are to be put through SGL account only and penalties have been prescribed in case of bouncing of SGL forms. Bank Receipts can only be issued for non Government securities in respect of transactions in banks own investment accounts. Issue of BRs is prohibited. All transactions in Government securities are to be put through SGL account only and penalties have been prescribed in case of bouncing of SGL forms. Bank Receipts can only be issued for non Government securities in respect of transactions in banks own investment accounts. Issue of BRs is prohibited on the basis of a BR held by a Bank. The role of the brokers has been restricted and the brokerwise limit for securities transactions have been stipulated for each Bank.

Banks have been advised to appoint compliance officers who would be treated as 'nodal agency' to coordinate and ensure that important instructions of the bank, Reserve Bank of India/Government of India are complied with. System of concurrent audit has been introduced and banks have been advised to cover atleast 50% of the Banks' business operation. Statutory Auditors' role is also being enhanced and the format of the Long Form Audit Report (LFAR) has been suitably revised so that the Statutory Auditors are able to highlight relevant deficiencies in the operations of banks particularly in the advances and investment portfolio. The system of obtaining LFAR from Statutory Auditors which was earlier followed only for public sector banks has been extended to private sector banks and Indian Offices of foreign banks with effect from the accounting year ended on 31-3-1993.

Reserve Bank of India has also issued instructions to its Regional Offices for looking into compliance aspect vis-a-vis the major and important instructions/directives of the Reserve Bank of India during the course of inspection of banks. Inspection system of RBI has been modified for providing for a more detailed and focussed annual financial inspection for the